

2016.03.08

3.2 Deputy C.F. Labey of Grouville of the Minister for Infrastructure regarding the cost of redundancies and the possible rise in Income Support costs against the cost to the States of outsourcing services:

Has a comparative in-depth analysis been carried out on the cost of the redundancies being made in the department together with the possible rise in income support costs, against the cost to the States of buying-in the services required from the private sector and, if so, will he provide this information to the Assembly, and also advise how many Civil Service staff, including managers, will be impacted by the changes?

Deputy E.J. Noel (The Minister for Infrastructure):

My department has been asked to make the £4.66 million worth of savings as set by this Assembly in the M.T.F.P.2 (Medium Term Financial Plan 2016-2019). These savings will only be achieved by reducing staff numbers. Unfortunately the scale of the savings makes redundancies unavoidable, be they voluntary or compulsory. While we want to avoid redundancies, these savings will only be achieved by making radical changes in service delivery. A social impact assessment has not been looked into by my department, we are simply reviewing our services to meet the target set by the M.T.F.P.2 and approved by this Assembly. I refer Members to my previous answer to Deputy Tadier with regard to staff numbers.

3.2.1 The Deputy of Grouville:

Should I take that as a no, a comparative in-depth analysis has not been carried out?

Deputy E.J. Noel:

That is exactly what I said. Our department has not carried that out nor is it in our remit to do so.

3.2.2 Deputy M. Tadier:

The Minister in question and his fellow Ministers seem to have a strange sclerotic relationship when it comes to public consultation. On the one hand they say it is very important for the public to have their say on various issues, even if they do U-turns at the very last minute. But when it comes to massive changes to our public services, which taxpayers and citizens rely on, they seem to think it is okay just to go ahead without a mandate and then give an answer with a straight face in this Assembly saying: "Oh, by the way we have not done any social impact assessment, we do not know what impact it is going to have on Social Security, whether they are going need to pay more for individuals", *et cetera*.

[10:00]

Is this really responsible Government and if so, can the Minister perhaps come back in short order with some workings to show that these plans will not create unintended consequences that will have a negative impact on some very hard-working staff in our community and their families?

Deputy E.J. Noel:

This Assembly has given the Council of Ministers the mandate in approving the M.T.F.P.2. The M.T.F.P. process allows for extended lodging periods and therefore there has been ample time to review the outcome of that decision prior to it being made. Naturally we will be going forward with the M.T.F.P.2 addendum later on this year. With regard to the social impact assessment, that is for our Economics Unit to address and I believe that they are going to be looking into that and reporting

back on the economic outline of our proposals for effectively investing some £63 million worth in additional health and education services, some £5 million worth of growth in other areas. The appropriate funding for our infrastructure to account for the depreciation of again some £55 million, which leaves effectively a £28 million gap, which could be argued to be 2 sides of a structural deficit. So therefore we have £145 million of a plan and that plan is going to be funded by some £35 million worth of additional health charge, an additional £10 million worth of user pays taxes or charges, £10 million worth of savings from our social security system and a total of £90 million worth of savings across all States departments with at least three-quarters of that being funded from the States payroll costs.

3.2.3 Deputy J.A. Martin of St. Helier:

The Minister has acknowledged that no in-depth analysis has been carried out yet he has told us in the first answer to a question of Deputy Tadier they have been out softly to cleaning companies and asked on a like-for-like basis: "Can you clean this office down the road for us?" When he says like-for-like, did he find out exactly how much the cleaners doing the work were going to be paid and who was going to be picking up the difference; the taxpayer at Social Security?

Deputy E.J. Noel:

The 2 things are completely different. The economic impact is a piece of work to be done in conjunction with the States economist. The soft testing of the market, whether or not you can get services provided at a less expensive solution to the taxpayer, is a completely different topic. The 2 are not related.

3.2.4 Deputy J.A. Martin:

Sorry, I have to push the Minister. He said for less expense or in the previous answer he said like-for-like. Now which is it? Is it the same terms and conditions for the workers or has the Minister not even bothered to ask?

Deputy E.J. Noel:

The terms and conditions that will be paid in the private sector will be substantially different to those paid in the public sector. The like-for-like is the quality of the service is comparable on a like-for-like basis. So we are talking about the actual end product, the actual service being provided to the public, the cost needs to be looked at and the difference on one building between £160,000 worth and £90,000, in my opinion, is too great.

3.2.5 Deputy G.P. Southern:

The Minister talks about savings to be made from outsourcing. Is he aware that, using his own figures of 50 redundancies, if all of those 50 redundancies were to get low paid unskilled work that the cost to the taxpayer annually, in terms of increased income support, would be £500,000 a year. If none of them were to get that unskilled work then the cost would rise to £1.2 million a year. Are there not costs and has he not done the calculation through income support, there are not costs in his proposals to outsource?

Deputy E.J. Noel:

I do believe that Deputy Southern is throwing up lots of smoke and maybe a few mirrors there. Those employees that will be leaving States employment may go on to get comparatively paid jobs. They may go on, in some instances, to get jobs that pay more. But the likelihood is that they will move on to jobs that pay less. But it is on their household income that income support is calculated.

You cannot just conflate 2 issues and come up with the figures that Deputy Southern has done because they are completely and utterly inaccurate.

3.2.6 Deputy G.P. Southern:

The Minister has now done the calculation, has he, in the list 5 minutes because he could not tell us what the numbers were 5 minutes ago?

Deputy E.J. Noel:

No, certainly not. If I may say, Deputy Southern is being a bit flippant because this is an important topic, particularly for those individuals that are going to be affected. Income support is a matrix on the household income, so you cannot simply take one individual and say what their income support figure will be or will not be **[Interruption]** ... the Deputy says he can do an average. But there are multiple layers in this and you cannot just pick one figure out and quote it across this Assembly with any degree of accuracy.

3.2.7 Deputy K.C. Lewis:

As the previous Minister for Transport and Technical Services, it is my duty to report that I have had many late evening phone calls from the T.T.S. workforce, now Infrastructure workforce. Many emotional phone calls: by their own admission, a lot of people will never work again. Will the Minister not concede that when you are the Minister not only do you run the department but you have a duty of care for the workforce?

Deputy E.J. Noel:

We all, as States Members, have a duty of care and we particularly have a duty of care to those that work for the States across the piece. As a former member of the S.E.B. (States Employment Board) I am very aware that we need to be an employer that has compassion, an employer that is considerate and does not take steps lightly. That is why we have a substantial and extensive programme of consultation with the staff and those that will be affected will be taken through a programme and helped to try and mitigate the effects on their individual life. If they come up during that process with challenges to the service reviews or suggestions whereby they could continue it in States Employment, we will look at that and we will work with them to ensure that the outcome is at least harmful to them as possible.

3.2.8 Deputy M.R. Higgins:

Part of the Deputy of Grouville's question was asking would he advise how many Civil Service staff, including managers, will be impacted by the changes. Can he tell us does his review extend and include those earning £100,000 in his department or other senior people or are they excluded from this review and you are only looking at the lower paid?

Deputy E.J. Noel:

No, they are very much included in this review because we are doing a complete service review, section by section. We are looking at the service we provide, we are looking at the type of service that the public want and how to best deliver that service for the most efficient and best value for money. Yes, I can confirm to the Deputy that it is not just the lower paid we are looking at, it is across the piece. It is from the top level down.

3.2.9 Deputy S.Y. Mézec:

In a previous answer the Minister spoke about making difficult decisions. Would he not concede that decisions become very, very easy when you do not even bother to try and ascertain what the impact of those decisions are going to be?

Deputy E.J. Noel:

The decisions that my department has been asked to look at is how we save £4.6 million on a year-by-year basis on a budget that is just below £25 million. That is over a 20 per cent cut in our spending. We do have to look at that very carefully and we do have to make sure that the department is still fit for purpose at the end of it. That is exactly what we are doing.

3.2.10 The Deputy of Grouville:

To say that I am surprised that he has not carried out an in-depth cost analysis would be an understatement. The Minister has said it is not in his remit to do such analysis, so how does he know that these measures he is pursuing will have the results of reducing his budget expenditure? Is it not symbolic measures and will create a false economy in the long term?

Deputy E.J. Noel:

Absolutely not. I believe some Members are getting confused here between what is a departmental budget, which we have been asked to substantially reduce, and what is the social economic impact of the overall package of £145 million. The latter is for the economists to answer for and it is the former for my department to implement.